



# Petroleum Market Report

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Energy Information Administration  
Office of Oil & Gas

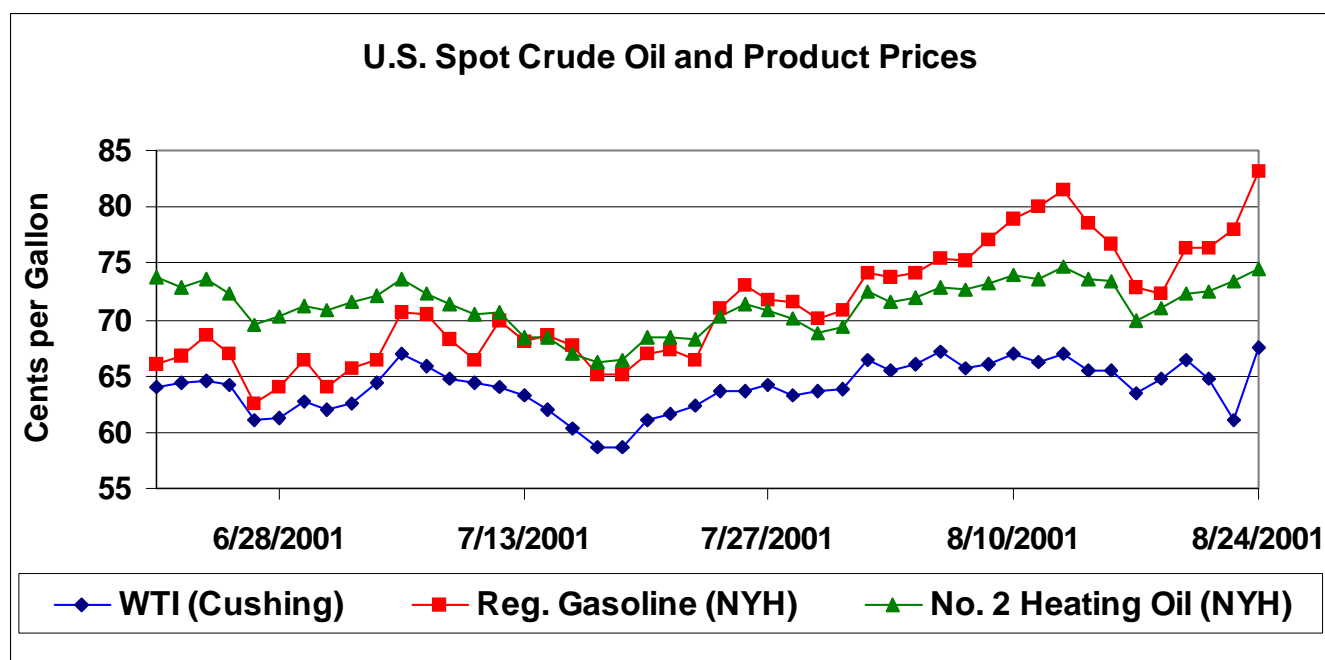
## MARKET SUMMARY

Spot and futures prices were up for crude oil, gasoline, and heating oil last week, as refinery problems continued to plague the Midwest. Citgo (PDV Midwest Refining) announced that its Lemont, IL refinery may be offline for up to six months after a crude unit fire there on August 14 crippled operations. Citgo officials are exploring the possibility of bringing in outside feedstock to resume operations, and several government agencies met to discuss the possibility of easing some environmental specifications to increase supplies in the Midwest. Several Midwest refineries reported that they would delay routine maintenance in order to take advantage of improved margins. Crude stocks in the critically important Midwest region fell below 60 million barrels for the first time since the week ending February 23, and projections of high demand for gasoline over the Labor Day holiday also lent support to prices.

**Crude oil** - rose this week on continuing decreases in inventories. NYMEX crude futures moved up \$0.22 from the previous Friday, ending at \$26.90 per barrel.

**Gasoline** - continued to be rocked by refinery problems, especially in the Midwest. The September contract closed up 9.62 cents from the previous week, ending at 73.95 cents per gallon.

**Distillate** - prices were up for the week, following the crude and gasoline markets. Although heating oil inventories were stable nationwide, Midwest diesel supplies were affected by the Lemont fire. NYMEX heating oil futures rose 4.09 cents to end the week at 74.60 cents per gallon.



## **CHRONOLOGY OF RECENT MARKET EVENTS**

- 8/24- rising** - gasoline continued to rally on fallout from the Citgo refinery fire, taking crude and heating oil futures with it. BP and Premcor announced plans to delay maintenance at two of their Midwest refineries, but Shell had problems restarting the platformer unit at its Deer Park, TX refinery.
- 8/23- mixed** - Citgo-Lemont announced that its crude unit could be out of service for up to six months. Citgo officials are exploring the possibility of bringing in outside feedstock to resume operations. Prices were up for the day with the exception of spot WTI, which lost \$1.54 per barrel to end at \$27.17 per barrel.
- 8/22- mixed** - reaction to gasoline and crude stockdraws was muted, leaving analysts to believe that the expected draw was already built into Tuesday's increases. Crude oil and gasoline were down, while heating oil increased slightly.
- 8/21- rising** - ongoing refinery problems coupled with expectations of a large draw in weekly stock data led to large increases in gasoline futures. Projections of high demand for gasoline over the Labor Day holiday also lent support to prices. Reports that the Citgo-Lemont refinery may be down for longer than six weeks added to pressure.
- 8/20- mixed** - crude futures rebounded after three consecutive days of losses, in part due to short-covering before the expiration of the September contract. OPEC President Chakib Khelil said the cartel was unlikely to make any changes to production quotas at their September meeting.
- 8/17- falling** - prices continued to fall for crude and the NYMEX products despite numerous bullish events. Analysts theorized that the looming arrival of Iraqi barrels could be overriding all other factors. Also, some traders may be engaging in technical selling in the face of low demand growth.
- 8/16- falling** - gasoline, crude oil, and heating oil futures fell despite Wednesday's stock data. Tropical Storm Chantal could threaten the Caribbean refineries Hovensa-St. Croix and El Paso-Aruba. Citgo-Lemont announced that it could be down for up to six weeks due to a fire in the crude unit earlier this week.
- 8/15- falling** - government and industry sources reported sizable stockdraws in gasoline, while government data also showed a sizable decrease in crude inventories. The Kuwaiti oil minister mentioned that it is unlikely that OPEC will make further production cuts this year. Gasoline rose slightly on stock news, but early gains made by crude were overturned by profit taking.
- 8/14- rising** - Citgo in Lemont, IL reported a fire in its crude unit as Shell in Deer Park, TX went down for unplanned repairs. AAA announced that retail motor gasoline prices may begin to rise as late summer driving increases around Labor Day.
- 8/13- mixed** - crude prices got a temporary boost as Saudi Arabia announced it would cut shipments to some of its European and Asian customers by 4 percent in September. Shell in Deer Park, TX attempted to restart its hydrocracker without success. Valero in Houston, TX reported a glitch in its fluid catalytic cracker unit.